

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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## MEMORANDUM

TO: Gloucester Retirement Board

FROM: John W. Parsons, Esq., Executive Director

RE: Approval of Funding Schedule

DATE: November 9, 2020

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 of each fiscal year. The schedule is effective in FY21 (since the amount under the prior schedule was maintained in FY21) and is acceptable under Chapter 32.

This schedule reflects a reduction in the investment return assumption from 7.5% to 7.25%.

If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446, extension 935.

JWP/jfb

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## Section 2: Actuarial Valuation Results

### Funding schedule

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of Unfunded Actuarial Accrued Liability	(4) Actuarially Determined Contribution: (2) + (3)	(5) Unfunded Actuarial Accrued Liability at Beginning of Fiscal Year	(6) Percent Increase in Actuarially Determined Contribution
2021	\$2,056,777	\$8,848,258	\$10,905,035	\$125,235,370	--
2022	2,126,074	9,520,503	11,646,577	124,825,178	6.80%
2023	2,197,690	10,240,854	12,438,544	123,664,264	6.80%
2024	2,271,700	11,012,665	13,284,365	121,646,607	6.80%
2025	2,348,187	11,839,515	14,187,702	118,654,903	6.80%
2026	2,427,230	12,725,236	15,152,466	114,559,504	6.80%
2027	2,508,916	13,673,918	16,182,834	109,217,252	6.80%
2028	2,593,333	14,689,934	17,283,267	102,470,226	6.80%
2029	2,680,570	15,777,959	18,458,529	94,144,363	6.80%
2030	2,770,723	16,942,986	19,713,709	84,047,968	6.80%
2031	2,863,887	18,190,354	21,054,241	71,970,093	6.80%
2032	2,960,163	19,525,766	22,485,929	57,678,770	6.80%
2033	3,059,653	20,955,319	24,014,972	40,919,097	6.80%
2034	3,162,466	21,411,152	24,573,618	21,411,152	2.33%
2035	3,268,711	--	3,268,711	--	-86.70%

**Notes:**

Actuarially determined contribution for fiscal year 2021 is set equal to the amount determined with the prior valuation.

Actuarially determined contributions are assumed to be paid on July 1.

Item (2) reflects 3.0% growth in payroll and a 0.15% adjustment to total normal cost to reflect the effect of mortality improvements due to the generational mortality assumption.

Projected normal cost does not reflect the future impact of pension reform for new hires.

Projected unfunded actuarial accrued liability does not reflect the recognition of deferred investment gains.